



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

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SELLER OF AMERICAN BUSINESS FUNDING SECURITIES SANCTIONED

PHOENIX—The Arizona Corporation Commission today ordered Ken Schaub of Gilbert, Arizona, and his company, Investment Planners of America, Inc. (IPA) to cease and desist from violating the Securities Act of Arizona and imposed a penalty of \$25,000. Mr. Schaub's registration as a securities salesman was also revoked. He and IPA agreed not to apply to the State of Arizona for registration or licensure as a securities salesman, dealer, investment adviser or investment adviser representative at any time in the future.

The Arizona Corporation Commission Securities Division found that between April and December 1999, Mr. Schaub and IPA raised about \$7 million from 18 investors. The money was invested in American Business Funding Corporation, which provided financing by purchasing accounts receivable from small to medium-sized businesses in Arizona and California. American Business Funding filed for Chapter 11 bankruptcy reorganization on February 24, 2000, amid allegations that one or more of its three owners had embezzled about \$17 million from the company. The Commission further alleges that American Business Funding had been making "interest" payments to its earliest investors out of the new money raised from later investors – activities that are the hallmark of a Ponzi scheme. Mr. Schaub also invested his own money in American Business Funding. The Commission found no evidence that Mr. Schaub participated in the Ponzi scheme or embezzlement.

The American Business Funding bankruptcy filing led to the termination of Mr. Schaub by the dealer firm through which he was registered. The Arizona Securities Act requires that all securities transactions by a registered broker be approved and recorded by the firm with which the broker is associated. Had Mr. Schaub sought to obtain his dealer's approval prior to selling the investments in American Business Funding, the dealer

could have prevented the investments from taking place.

ABF emerged from bankruptcy protection with a new name, New Horizon Capital, LLC, on November 20, 2000. Through the bankruptcy proceedings, investors expect to be reimbursed for their investments, with 7% annual interest on outstanding amounts, over a 10-year period.

The Securities Division staff is available to help you investigate any investment proposals or the people offering those investments. Call 602-542-4242, toll free at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us for additional information.

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